Members of the Legislative Assembly Pension Plan

2002

Annual Report

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Members of the Legislative Assembly Pension Plan

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Table of Contents

Roles and Responsibilities 5
- British Columbia Pension Corporation 5
- British Columbia Investment Management Corporation 5

Investments 6
- Investment Portfolio 6

Member Services 7
- Members and Contributions 7
- Termination Benefits 8
- Pensions 8

Financial Statements 10

Roles and Responsibilities

British Columbia Pension Corporation

The British Columbia Pension Corporation (Pension Corporation) is responsible for administering pension benefits for the Members of the Legislative Assembly (MLA) Pension Plan. The plan is administered in accordance with the *Legislative Assembly Allowances and Pension Act*, Part 2, and related regulations.

The MLA Superannuation Account is an account within which contributions and interest accumulate and are invested to fund current and future pension benefits. When a member of the plan is granted a pension, the net present value of the pension is transferred to the Public Service Pension Fund, which pays the monthly pension.

British Columbia Investment Management Corporation

The British Columbia Investment Management Corporation (bcIMC) is responsible for investment management on behalf of the MLA Superannuation Account.

Investments

Investment Portfolio

Investments Held as at March 31, 2002

	Market Value	Asset Mix % Market Value
Province of BC Pooled Investment Portfolio		
Short-term (money market)	$1,844,148	100%
2001 Comparison	$3,763,879	

As of March 31, 2002, all investment assets held were short-term due to the large number of, and uncertain timing of retirements.

Member Services

Members and Contributions

The *Legislative Assembly Allowances and Pension Act* was amended in July 1995, to discontinue contributions and the accrual of benefit entitlements for service after June 19, 1996. Only service before June 19, 1996 will affect a plan member's pension or termination benefit.

Members of the Legislative Assembly may become plan members by purchasing service before June 19, 1996.

Contributions
$ Thousands

Year	Members	Government	
		Regular	Terminal Funding
1993	241	241	–
1994	355	355	412
1995	410	410	117
1996	398	398	–
1997	133	133	2,322
1998	89	89	–
1999	214	215	–
2000	204	204	–
2001	153	153	202
2002	**31**	**31**	**9,968**

Terminal funding represents additional funding provided by the province in the year a pension is granted, when the present value of the pensions granted exceeds accumulated assets available to fund those members' benefit entitlements in the plan.

Number of Members

1993	33
1994	32
1995	35
1996	36
1997	25
1998	26
1999	31
2000	35
2001	38
2002	**12**

Annual Rates for Interest Credited to Contribution Balances (%)

	September	March
1997/98	4.67	4.28
1998/99	4.33	4.10
1999/00	4.54	5.34
2000/01	5.28	4.78
2001/02	**4.05**	**3.45**

Termination Benefits

When a plan member ceases to be a Member of the Legislative Assembly, the member may elect to receive a refund of his or her share of contributions, plus the accumulated interest. Interest is credited to the member's contribution balance semi-annually and compounds semi-annually. The rate of interest is based on Bank of Canada average five-year personal term deposit rates.

Termination Benefits Paid from 1993–2002*

		Number
1997	$35,000	2
1998	$74,082	2

* In years not identified, there were no termination benefits paid.

Pensions

Twenty-six pensions were granted during 2001–2002. One hundred and twenty-six pensions were in force at the end of the year and total pensions paid amounted to $3.9 million in 2001–2002 ($3.5 million in 2001).

MLA pensions are paid at the end of each month from the Public Service Pension Fund. The fund pays a full month's pension for the month in which a pensioner dies.

The following tables provide an historical overview of MLA pensions granted.

Member Pensions 1993–2002

	Granted During Year	Pension Terminations	In Force at End of Year
1993	–	3	97
1994	2	3	96
1995	1	–	97
1996	–	1	96
1997	12	2	106
1998	–	3	103
1999	1	2	102
2000	2	2	102
2001	1	1	102
2002	**26**	**2**	**126**

Transfers to the Public Service Pension Fund 1993–2002
$ Thousands

	Present Value of Pensions Transferred to Public Service Pension Fund	Inflation Adjustment Contributions Transferred to Public Service Pension Fund
1993	–	67
1994	605	98
1995	246	114
1996	–	103
1997	4,687	43
1998	–	25
1999	188	60
2000	559	56
2001	222	42
2002	**12,964**	**9**

FINANCIAL STATEMENTS

Report of the Auditor General of British Columbia

To the Chief Executive Officer
British Columbia Pension Corporation, and

To the Minister of Finance,
Province of British Columbia:

I have audited the statement of net assets of the *Members of the Legislative Assembly Superannuation Account* as at March 31, 2002 and the statement of changes in net assets for the year then ended. These financial statements are the responsibility of the British Columbia Pension Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Members of the Legislative Assembly Superannuation Account* as at March 31, 2002 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 29, 2002

Wayne Strelioff, CA
Auditor General

103-02651/

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CORPORATION

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MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

ADMINISTRATOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Members of the Legislative Assembly Superannuation Account were prepared by the British Columbia Pension Corporation, the benefit administrator for the account. The corporation is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Annual Report for the Members of the Legislative Assembly Pension Plan conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, the corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the account in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the Report of the Auditor General attached to these financial statements.

JOHN A. MOCHRIE
Chief Executive Officer
British Columbia Pension Corporation

P. LOUISE YOUNG, C.A.,
Vice-President, Information Management,
Finance and Administration
British Columbia Pension Corporation

May 29, 2002

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
STATEMENT OF NET ASSETS
($ Thousands)

March 31	2002	2001
ASSETS		
Investments (Note 4)	$ 1,844	$ 3,764
Employer contributions receivable	31	153
Due from Province - terminal funding	2,593	202
Due from sale of investments	-	50
Cash	4	38
Total Assets	4,472	4,207
LIABILITIES		
Due to the Public Service Pension Fund	3,420	264
Payable for purchase of investments	-	90
Total Liabilities	3,420	354
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,052	$ 3,853

The seven accompanying notes are an integral part of these financial statements.

John A. Mochrie
Chief Executive Officer
British Columbia Pension Corporation

P. Louise Young, C.A.,
Vice-President, Information Management,
Finance and Administration
British Columbia Pension Corporation

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
($ Thousands)

For the year ended March 31	2002	2001
INCREASE IN ASSETS		
Investment income (Note 5)	$ 142	$ 25
Past service contributions		
Members	31	153
Employer	31	153
Terminal funding on pensions granted (Note 6)	9,968	202
	10,030	508
Total Increase in Assets	10,172	533
DECREASE IN ASSETS		
Transfer to the Public Service Pension Fund (Note 6)	12,973	264
Total Decrease in Assets	12,973	264
(DECREASE) INCREASE IN NET ASSETS	(2,801)	269
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	3,853	3,584
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 1,052	$ 3,853

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1. THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

The Members of the Legislative Assembly Superannuation Account (the account) established under Part 2 of the *Legislative Assembly Allowances and Pension Act* is administered by the British Columbia Pension Corporation (Pension Corporation).

When a member is granted a pension, the present value of the amount required to provide his or her future pension benefits is transferred from the account to the Public Service Pension Fund and monthly pensions are paid from that fund. The province provides additional funding when the present value of pensions granted exceeds accumulated assets available to fund those members' benefit entitlements in the plan.

2. DESCRIPTION OF THE MEMBERS OF THE LEGISLATIVE ASSEMBLY PENSION PLAN

The following brief description of the Members of the Legislative Assembly Pension Plan (the plan) is provided for general information only. For more information refer to the *Legislative Assembly Allowances and Pension Act*.

a) General

The plan is a contributory defined benefit pension plan for Members of the Legislative Assembly. The *Legislative Assembly Allowance and Pension Act* was amended in July 1995 to discontinue the accrual of benefit entitlements after June 19, 1996. Only member service prior to this date will be taken into account for determining a member's pension or termination benefit. A member's eligibility for a pension or termination benefit will be determined using all service as a member.

b) Roles and Responsibilities

The Pension Corporation provides benefit administration services for the account.

The British Columbia Investment Management Corporation (bcIMC) carries out the day to day investment management services for the account.

2. DESCRIPTION OF THE MEMBERS OF THE LEGISLATIVE ASSEMBLY PENSION PLAN (CONTINUED)

c) Pension Benefits

A member of the plan is entitled to a pension after having served seven years or for more than two parliaments and:

- ceasing to be an MLA and attaining the age of 55; or
- ceasing to be an MLA and attaining an age plus years of service as an MLA totalling 60 or more years; or
- having reached the calendar year-end of the year in which the member becomes 69 years old.

The plan provides a pension of 5% per year of service, up to a maximum of 16 years service, of the average legislative allowance, special allowance and ministerial salary earned in the highest four years of service as an MLA, and as a minister or specified office holder.

Increases to pension payments are provided each January 1. These increases are based on the annual increase in the Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds.

At January 1, 2002 pensioners received a full CPI increase of 2.6% (2001 - 2.7%).

d) Termination Benefits

A member of the plan who ceases to be an MLA may choose between leaving accumulated contributions on deposit or obtaining a refund of contributions with interest.

e) Other Benefits

Survivor benefits are available under the plan.

f) Income Taxes

The plan is a Registered Pension Plan as defined in the *Income Tax Act (Canada)* and is not subject to income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements present the aggregate financial position of the account as a separate financial reporting entity, independent of the account's contributing employer and members.

b) Investments

Investments are stated at market value. Market value is derived from external quotations or appraisals. Investment purchases and sales are recorded on trade date.

c) Investment Income

Investment income is recorded on the accrual basis.

4. INVESTMENTS (Market Value)

	2002	2001
	($ Thousands)	
Short-term	$1,844	$ 592
Canadian Bonds	-	2,057
Canadian Equities	-	1,115
	$1,844	$3,764

Pension account investments consist primarily of direct ownership in units of pooled investment portfolios, managed by the bcIMC. Each unit gives its holder a proportionate share in the equity of the pooled investment fund. One or more pooled investment portfolios exist for different types of investments, such as short-term investments, Canadian bonds and Canadian equities.

Short-term investments consist of Canadian money market securities, such as treasury bills, with terms of 15 months or less. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares.

5. INVESTMENT INCOME

	2002			2001
	Income Allocation	Current Period Change In Market Value	Total	Total
			($ Thousands)	
Short-term	$78	$ (1)	$ 77	$ 44
Canadian Bonds	12	(25)	(13)	197
Canadian Equities	1	77	78	(216)
Investment Income	$91	$51	$142	$ 25

The income allocation portion of investment income represents pooled investment portfolio income attributable to the pension account, as a unitholder, and as calculated by the bcIMC, as well as any interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

6. RELATED PARTY TRANSACTIONS

a) Transfers to the Public Service Pension Fund

	2002	2001
	($ Thousands)	
Accumulated assets available for pensions granted	$2,996	$ 20
Terminal funding from the Province of British Columbia	9,968	202
Present value of pensions granted	12,964	222
Indexing contributions	9	42
Total Transfer	$12,973	$264

When a member is granted a pension, the present value of the pension is transferred to the Public Service Pension Fund and monthly benefits are paid from that fund. The province provides additional funding in the year the pension is granted (terminal funding) when the present value of pensions granted exceeds accumulated assets available to fund those members' benefit entitlements in the plan. During the year ended March 31, 2002, 26 members (2001 – 1) were granted a pension.

As at March 31, 2002, eleven members are remaining with eligibility for a future pension entitlement. One member remains that is entitled to a refund only. The estimated amount of the government's obligation (terminal funding) is $3.5 million.

6. RELATED PARTY TRANSACTIONS (CONTINUED)

a) Transfers to the Public Service Pension Fund (continued)

The ten-year history of the present value of pensions granted is as follows:

	Accumulated Assets Available for Pensions Granted	Terminal Funding Received from the Province	Present Value of Pensions Granted
		($ Thousands)	
1993	-	-	-
1994	193	412	605
1995	129	117	246
1996	-	-	-
1997	2,365	2,322	4,687
1998	-	-	-
1999	188	-	188
2000	559	-	559
2001	20	202	222
2002	2,996	9,968	12,964

Under the *Legislative Assembly Allowances and Pension Act*, amounts contributed by members and the employer to help provide for the payment of indexing supplements are transferred each year from the account to the Public Service Pension Fund, from which the indexing supplements are paid.

b) Administrative Expenses

Administrative expenses relating to the account were $12,895 for 2002 (2001 - $70,318). Administrative expenses are paid by the Office of the Legislative Controller.

7. ACTUARIAL VALUATION

An actuarial valuation of the plan is not required by the *Legislative Assembly Allowances and Pension Act* and a valuation has not been performed to date.

This publication is produced by the Pension Corporation on behalf
of the Members of the Legislative Assembly Pension Plan

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